1:Stanford U. S-4, 5 1956 AF14 Central China AF14

Hainan Island. Hardwood and maple forests are found at different places on the mountains of northern Kwangsi. 137

IV. IMPORTANT COMMUNICATION LINES AND CENTERS [18]

The Peking-Hankow, Hankow-Canton and Canton-Kowloon railways, together, run the entire length of the Central-South Region and constitute the main north-to-south transportation trunkline. The main communication lines traversing this region from East to West are the Yellow River, the Lunghai Railway, and the Yangtze River. There is also a railway cutting diagonally through Kiangsi, Hunan, and Kwangsi provinces. 361 489

The Peking-Hankow Railway enters this region at a point a short distance north of Anyang in Honan Province. The industries in Anyang prosper because of the nearby Liu-ho-kou Coal Mine. South of Anyang, the railway passes through another large city, Hsinhsiang, which is expanding along with the Chiao-tso industrial and mining center to the west. There is a spur line between Hsin-hsiang and Chiao-tso. Hsinhsiang marks the beginning of a large irrigation and flood-diversion ditch, which runs parallel to the railway to reach the Yellow River. After crossing the river by way of a steel bridge, the railway reaches Chengchow. The Chengchow bridge, 3,010 meters

18. Ch'eng Kuang-yü, Chung-kuo Tu-shih [The Cities of China], Taipei, Chung-hua wen-hua ch'u-pan shih-yeh weu-yüan hui, 1953; Jen-min Shou-tse; [People's Handbook], Tientsin, Ta-kung pao, 1955; Ya-chou Tien-hsün [Asia Foundation Bulletin], San Francisco, July 6, 1955; New China News Agency Dispatch from Peking, March 1, 1955, quoted in Survey of China Mainland Press, No. 998, Hong Kong, U. S Consulate General, p. 28.

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(9, 700 ft.) in length, is the largest of its kind in China. West and east of the bridge is the flood-diversion project, for which a main dike to harness the Yellow River was completed in 1951. At Chengchow, the present provincial capital of Honan, the Lunghai Railway intersects the Peking-Hankow Railway. Its location at the junction of two of China's main railroads contributes greatly to Chengchow's position as the largest cotton market in this section of the country. The Peking-Hankow Railway beyond Chengchow runs due south and leaves Honan Province to enter Hupeh through a strategic tunnel a few miles south of Hsin-yang.

The first key city on the Lunghai Railway in eastern Honan Province is Shang-ch'iu, where a part of the extensive flood-control system for the Hwai Valley is located. Both Shang-ch'iu and Kaifeng to the west are ancient cities. At present Kaifeng still ranks among the four top commercial centers in China. Farthern west the Lunghai Railway passes through Chengchow to Loyang, another ancient metropolis often mentioned in history and classic literature.

Some geography books include the Pai River basin, in southwestern Honan Province, among the most extensive river basins in China. The area of the basin is not as large as the Chengtu Basin in West China which supported the Nationalist Government and almost all of its troops during World War II, but the Pai River region is a clearly defined basin. In the basin's center is

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Nan-yang, which has a well-developed network of highways extending south to Hupeh Province, west to Shensi Province, and into all parts of Honan Province. 361 489 133

Wuhan, the largest municipality in Central China and the provincial capital of Hupeh, comprises the tri-city of Wuchang, east of the Yangtze River; Hankow, north of the Han River and west of the Yangtze; and Haryand, south of the Han River. A 1952 estimate placed the population of Wuhan at 1,200,000. Of the three parts of Wuhan, Hankow was a center of bristling political activities in the 1920's when the Nationalist and Communist parties quarreled through their first short-lived coalition, and both parties were, at the same time, torn with internal strife. At Hanyang, an ordnance plant that has done a great deal for China's growing armament is being expanded under Communist direction. In this community, sprawling over the confluence of the Han and Yangtze rivers, a large-scale reconstruction program has been launched to remodel the parks and to build a people's square, a worker's cultural palace, a martyr's memorial, and other structures for public use. 361 489 [162] [389]

In August 1955, the plan for a modern railway bridge on the Yangtze River at Wuhan was reaching its final stage. When this bridge is completed there will be direct connection between the Peking-Hankow and Hankow-Canton railways.

The section of the Yangtze River in Hupeh Province is navigable for river steamers all year round. West of I-ch'ang, the Yangtze River flows through the famous gorges, which pose a difficult problem for the most experienced navigator. The Communist press has repor-

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ted sufficient improvement on this stretch of the waterway to make the claim that the Yangtze Gorges "bows to the will of the proletariat." East of the I-ch'ang the Yangtze River widens, and its current is less swift until it reaches Chiang-ling, where more tributaries swell the Yangtze River and create a flood threat to the nearby lowlands. In 1952, according to Communist reports, a massive project of flood control was pushed to completion within the unbelievably short time of two months; this project is located on that stretch of the Yangtze River known locally as the Ching River, immediately south of Chiang-ling.

Another important city located on the Yangtze River in eastern Hupeh Province is Huang-shih, which is being rapidly built up into an industrial center in order to utilize the product of the well-known Tayeh Iron Mine in the west. The Hua-ch ng Iron and Steel Company and the Hua-hsin Cement Company are housed in Huang-shih.

The Han River is a large waterway which empties from the northwest into the Yangtze River at Wuhan. River-boat traffic starts on the Han River at Lao-ho-k'ou, a city which controls the only highway linking Hupeh Province directly with Shensi Province to the northwest across rugged mountains. Downstream from Lao-ho-k'ou about sixty miles is the twin-city of Hsiang-fan, composed of Hsiang-yang and Fa-ch'eng. Legends originating in the period of the Three Warring Kingdoms have made Hsiang-fan a familiar place to most readers of Chinese lore. The city is a key communication center in northern Hupeh Province.

Among the important cities on the Hankow-Canton Railway in Hu an Province are Yüeh-yang, Changsha, Chu-chou, and Heng-yang. Yüeh-yang is located on

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the east side of Tungting Lake, and is the eastern gateway to this province. The strategic value of Yueh-yang on the Yangtze River has been long recognized, and remnants of ancient river defenses are still found in this vicinity. Besides being an old provincial capital, Changsha has won national fame as the city where Mao Tse-tung spent his early years studying and shaping his philosophy of Communist revolution. Hunan University occupies a scenic spot on the Hsiang River. At Chu-chou, the Hankow-Canton Railway connects another railway running east to the well-developed P'ing-hsiang Coal Mine in Kiangsi Province. From Chu-chou westward, the new Huanan-Kweichow Railway is open to traffic as far as Hsiang-t'an. Mao Tse-tung's birthplace lies in a mountain village to the northwest of Hsiang-t'an. The position of this city as a communication point in central Hunan Province is strengthened by the proximity of the Hsiang River and one of its fairly navigable tributaries. At Heng-yang the Hankow Canton Railway connects with the Hunan-Kwangsi Railway, and this junction aids the development of a rich coal field south of Heng-yang.

The Communists plan that the new Hunan-Kweichow Railway will run from Hsiang-t'an westward through a tin-mining area not far north of Shao-yang, a highway hub in southwestern Hunan Province. Later the new railway will be extended through Huai-hua in the mountains between Hunan and Kweichow, where the inhabitants are mainly of the Miao minority.

The railway from Chu-chou enters Kiangsi Province to the east, extends to the center of the province, and reaches the provincial capital of Nanchang. Nanchang, the birthplace of the Chinese Red Army, is served by

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two other railways: the Nanhsün Railway leads to the Yangtze River port of Chiu-chiang (Kiukiang); and the Chekiang-Kiangsi Railway goes through the city of Shang-yao to reach Shanghai on the coast. Nanchang, moreover, has waterway transportation on Poyang Lake and the Kan River, which is navigable for river boats of small tonnage all the way upriver to Kan-hsien. At Kan-hsien the two rivers of Chang and Kan merge. Their confluence coincides with the intersection of several highways serving the three adjacent provinces. One of these highways cuts through the mountains along the Hunan-Kiangsi-Kwangtung border by way of Ta-yü. Since this is the only highway that breaks the natural barrier between the three provinces, Ta-yü becomes a strategic spot. The Communist troops used this route during their campaigns in the early 1930's. In northeastern Kiangsi, a railway has been planned to link the province with Anhwei Province. The proposed line will run through Ching-te-chen, the "porcelain capital" of China.

The Hankow-Canton Railway enters Kwangtung Province from the north and reaches Shao-kuan, also known as Ch'ü-chiang, the largest city in northern Kwangtung. The railway runs south, parallel to one of the Pearl River's tributaries, en-route to the terminal at Canton. At the time of the birth of the Chinese Republic, Canton had been the seat of the revolutionary government under Sun Yat-sen. It had also been the scene of a feverish struggle for power between factions within the Nationalist Party, and between the revolutionary government and the warlords. As the capital of the province with probably the densest population in China, Canton's trade has been handicapped by the restrictive Pearl River waterway and diverted by the development of Hong Kong. Seagoing vessels now dock at the

Whampoa Harbor about 30 kilometers (20 mi.) down river from this city. The Pearl River cuts the city into two parts, but a steel bridge joins them. The No. 1 Machine Manufacturing Plant is located in this city. On October 1, 1954, the seven-story Nan-fang-ta-hsia (The Great Southern Hall) was opened. It is located on the bank of the Pearl River. The neon-lighted red star on top of its observatory tower is a landmark that can be seen for miles. 361 489

Canton is connected by highways with such seaports as Swatow and Chan-chiang. The water in Swatow Bay averages 20 meters (62 ft.) in depth and offers excellent harbor possibilities. The Nan-ch'i River, emptying into the sea at Swatow, is not a large river; however, Swatow has adequate transportation facilities to reach the hinterland by way of Ch'ao-chou to the north, which is located on the larger Han River.

At Chiang-men (Kongmoon), T'ai-shan (Toishan), and Fo-shan (Fatshan), on the crowded Pearl River delta in southern Kwangtung Province, are the former homes of most of the Chinese in America. These cities are linked by highways and waterways and are prosperous commercial centers. All the roads on the Lei-chou Peninsula lead to Chan-chiang, a port on the bay of Kwangchowan, at one time leased to the French, who fortified it by building Fort Bayard. Chan-chiang has a well-protected harbor. The Chan-chiang--Li-t'ang Railway has been completed; thus, cargoes unloaded at Chan-chiang can be shipped directly to Kwangsi Province. On July 4, 1955, the State Council at Peking decided to launch a large-scale construction program to build this port into a naval station. Dovetailed into this construction program is the plan to develop the

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port of Pei-hai to the west. Pei-hai on the Gulf of Tonkin is capable of accommodating vessels up to 3,000 tons.

The navigable Hsi River connects Canton with Wu-chou on the Kwangsi side of the Kwangsi-Kwangtung provincial boundary. Wu-chou is the center of water transportation in eastern Kwangsi and is also a chemical industrial center. From Wu-chou up the Liu River small boats can reach Liu-chou at the intersection of the Hunan-Kwangsi and Kweichow-Kwangsi railways. One of the machine-manufacturing plants operated by the provincial government is in Liu-chou. North of Liu-chou on the Hunan-Kwangsi Railway is the former provincial capital of Kweilin. This city is well known for its scenic beauty and remembered as a gathering place for the writers and artists of China during World War II. From Liu-chou westward the Kweichow-Kwangsi Railway passes by Nan-tan; but this railway is only half-completed, and from Nan-tan northward traffic still depends on a highway. From Liu-chou southwestward the Hunan-Kwangsi Railway runs all the way to the frontier town of Mu-nan-kuan, formerly known as Chennankwan. Perhaps the change of the city's name from "Suppress-South-Gate" to "Befriend-South-Gate," brought about by the Peking regime, is not without political significance. With the reopening of the Hanoi--Mu-nan-kuan Railway in Indochina on February 28, 1955, the city of Mu-nan-kuan has become a key point on the international boundary. Between Liu-chou and Mu-nan-kuan the Hunan-Kwangsi Railway passes Nanning, the provincial capital and a highway hub in central-south Kwangsi. From Nanning a highway runs northwest to western Kweichow Province by way of Pai-se, the largest city in western Kwangsi Province.

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There is a highway circling the Island of Hainan, with the port of Hai-k'ou as its most important terminal. The Nan-tu River, the largest and most navigable waterway on the island, provides Hai-k'ou with convenient transportation to the center of the island. From Hai-k'ou, highway traffic can reach the port of Yü-lin, which has natural features far superior to those of Hai-k'ou. However, because Yü-lin is at the extreme southern tip of the island and is somewhat isolated from the rest of the island by mountains, it remainds to be developed as a valuable port. 361 489

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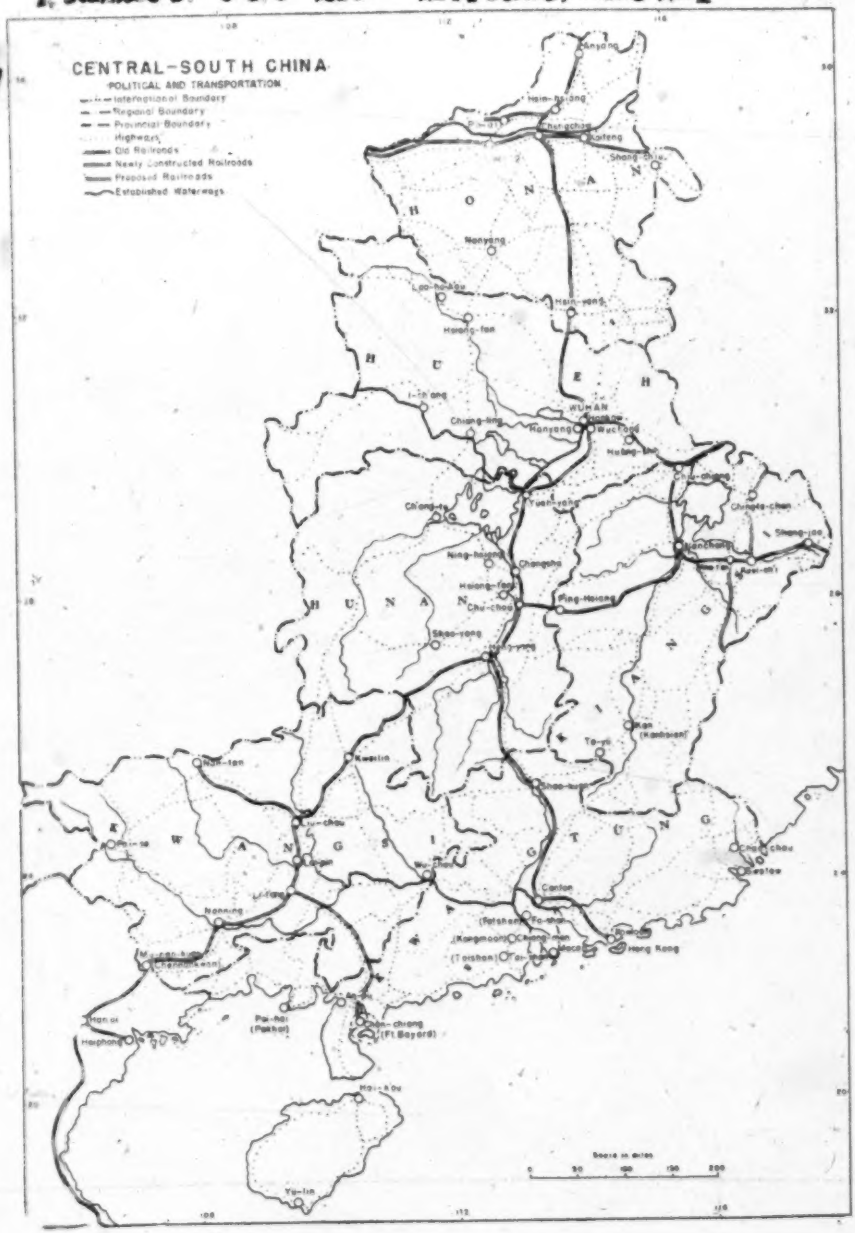

[facing p. 754]

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TRANSPORTATION AND DOMESTIC TRADE

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The transportation facilities of Central-South China are more diversified than those of other regions in Communist China. There are many railways, highways, waterways, and aviation routes running between the principal cities in the Central-South Region and other important centers in other regions. Among these agencies, railways and waterways play the leading roles in the development of transportation. Motor transportation had been uneconomical in pre-war China, and remains so today because of the high cost of truck operation and limited load capacity. As for aviation in Central-South China, it is curtailed somewhat by the lack of up-to-date planes.

I. RAILWAY REHABILITATION AND CONSTRUCTION

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Ever since the Communists came into power on the China Mainland, a tremendous effort has been exerted to restore and expand the railway networks in the north, west, and southern regions. The railways which are in operation in the Central-South Region are shown in Table 1:

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ienced laborers have joined in the planning of the bridge.[16] The construction materials, parts, machines and equipment used are made by various factories in Anshan, Sheng-yang, and Dairen in Manchuria, and in Tientsin and Shanghai in North and East China.[17] It was reported that construction began on July 18, 1955, and it is expected that the railway bridge will be completed during 1958; the highway deck will be finished during the following year.[18]

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When the undertaking is completed, two modern steel bridges spanning the Yangtze and Han rivers will bring the Peking-Hankow and Hankow-Canton railways together. Furthermore, all of the main railway lines in the south will connect directly or indirectly by way of the Yangtze River Bridge at Wuhan with the trunk lines of the north. All the highways in the south will also be connected with those of the north. In addition, the completion of the bridge will unite the three adjacent towns of Wuchang, Hankow, and Hanyang into a single unit; thus united, Wuhan a great industrial city of serious importance to the nation's economic construction, will become a unified municipality both in name and fact.

III. THE RAILWAY PLANTS OF CENTRAL-SOUTH CHINA

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There are seven comparatively large railway plants in the Central-South Region.[19]

16. China Daily News, Aug. 22, 1955.
17. Ibid. 18. Ibid.
19. Chung-k'ung Wen t'i [The Chinese Communist Problems], Hong Kong, Tzu-yu ch'u-pan-she, Series No. I, 1954, p. 76.

1:Stanford U. S-4, 5 1956 AF14 Central China AF14

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The Communists claim that there has not been a single serious accident in civil aviation; they also claim that they have maintained an average of 84.6 per cent of the tonnage capacity of planes in operation.[59] With reference to the expansion of traffic, the total air miles flown in 1953 was 282 per cent above the record for 1950. The ton-kilometers increased to 570 per cent and the number of passengers[60] increased to 191 per cent in 1953. Communist China claims that its civil-aviation goals for the first half of 1955 have been over-fulfilled. The number of passengers carried was 13 per cent above the goal set, and the freight was 5.9 per cent above that of the same period in 1954.[61]

X. TRANSPORTATION OF THE KEY-COMMODITIES AND THE TRADE ROUTES

A. Grain Transportation and Trade Routes

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The Central-South Region is normally one of the grain-surplus regions in China. Among the six provinces, Hunan, Hupeh and Kiangsi contribute the greatest amount of grain. Since 1952, Kwangtung has changed from a grain-deficit area into a self-sufficient province. Central-South's volume of inter-regional trade in food grains in 1949 was about

59. People's China, Peking, No. 8, Apr. 16, 1954, p. 16.
60. Ibid., No. 28, April 16, 1954, p. 14.
61. NCNA, Peking, July 20, 1955.

1:Stanford U. S-4, 5 1956 AF14 Central China AF14

10,350,000 shih-tan (569,250 tons), of which 4,000,000 shih-tan (220,000 tons) were shipped to North China and 5,150,000 shih-tan (283,250 tons) to East China by rail and 1,200,000 shih-tan (66,000 tons) were shipped by water to East China ports along the Yangtze River. The distribution between rail and water traffic is calculated on the assumption that Kiangsi and Hunan grains are shipped principally on the Chekiang-Kiangsi or Hankow-Canton railways, whereas Hupeh shipments are by water, chiefly by way of Hankow.[62] 438 489

B. Cotton Transportation and Trade Routes

Honan, Hupeh, and Hunan are surplus-cotton provinces in Central-South China. The trade routes of this region, according to the sources of demand for cotton, are probably as follows: 438 489

62. Liberation Daily, Shanghai, May 23, 26, 27, 1950; June 18, 26, 1950; cf. New China Monthly, Vol. II, Nos. 1-3, May-July 1950, p. 607.

1:Stanford U. S-4, 5 1956 AF14 Central China AF14

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Shen-ch'ou, and Anyang for trans-shipment to Shanghai, Wu-hsi, Shih-chia-chuang, Tientsin, and other East China cities, mostly on Lunghai and Peking-Hankow railways.[63] All the cotton produced in Hupeh is concentrated in Wuhan and Sha-shih for use in the local mills. Parts of the cotton produced in Honan, Shensi, and Hunan are shipped to Wuhan, Wu-hsüeh, Shā-shih, and I-chang for trans-shipment to Shanghai and Szechwan by Yangtze River ships.[64] In Hunan, most of the cotton is concentrated in Changsha and Yüeh-yang and a part is shipped to Hankow, Tsao-yang, and Lao-ho'k'ou in Hupeh Province.[65]

C. Coal Transportation and Trade Routes

Generally speaking, Central-South China is a deficit region for the supply of coal; the exception is Honan Province, where a considerable quantity of coal is still available for export. The principal production centers of Honan are Chiao-tso, Liu-ho-kou, Kuan-yin-t'ang mines, and Wu-an mines. The coal is usually contrated in Tao-k'ou, Hsin-

63. Yü O Wan Kan Chu Sheng Chih Mien-ch'an Yün-hsiao [Cotton Transportation and Sales of Honan, Hupeh, Anhwei, and Kiangsi Provinces] , Nanking University, Nanking, 1934-35.

64. Ching-chi Hui-pao [Economic Reports] , Chungking, Central Bank of China, May 16, 1944, Vol. IX, No. 10, p. 46.

65. Chung-kuo Shih-yeh Chih, Hunan [Chinese Industries, Hunan] , Chungking, Ministry of Industry, 1935, Section 4, pp. 87-96.

1:Stanford U. S-4, 5 1956 AF14 Central China AF14

hsiang, and Chengchow, and then trans-shipped by rail to Han-tan, Tientsin, Peking, Hankow, Hsi-an (Sian), and Shanghai.[66] Hupeh depends upon Honan, Hopei and Manchuria for coal supplies which are transported chiefly by railway lines.[67] The coal production in Hunan can supply a large part of the local demand, except for that of Changsha, which depends upon the shipments from P'ing-hsiang in Kiangsi Province.[68] Kiangsi is self-sufficient in production and can export a part of its surplus to Hunan, Hupeh, Anhwei, Kiangsu, and Chekiang.[69]

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Little coal is produced in Kwangtung Province. The local output is negligible in relation to demand. Kwangsi, Kiangsi, Hupeh, Hopei, and Manchuria are the main sources of coal supply, generally transported by both coastal shipping and rail lines to Canton and Swatow for trans-shipment.[70]

66. Chung-kuo K'uang-yeh Chi-yao [General Statement on Chinese Mining Industry], Nanking, Geological Survey of China, 1932-34, No. 5, pp. 70-78, 99-101.

67. Ibid.

68. Ibid., No. 5, pp. 542-43, No. 7, pp. 447-59; Chung-yang Yin-hang Yüeh-pao [Central Bank of China Monthly], Shanghai, Central Bank of China, No. 8, June 1947, p. 43.

69. Ibid., No. 5, pp. 542-43.

70. Ibid., pp. 73, 87, 553; no. 7, pp. 78, 611-14; Bank of China Monthly, Shanghai, Chung-kuo Yin-hang [Bank of China], Vol. V, No. 6, March 16,

1:Stanford U. S-4, 5 1956 AF14 Central China AF14

Coal production in Kwangsi is sufficient for local consumption, but there is little surplus to be exported to Kwangtung by the inland water transportation route.[71] 438 489

XI. THE DOMESTIC TRADE OF CENTRAL-SOUTH CHINA

"State Socialism" is the guiding element of the Chinese Communist economy. This is especially true in industry and trade. Article 10 of the Constitution states: "The policy of the state towards capitalist industry and commerce is to use, restrict, and transform....The state uses the positive qualities of the capitalist industry and commerce which are beneficial to the national welfare and the people's livelihood, restricts negative qualities.... encourages and guides the transformation of capitalist economy, and step by step replaces capitalist ownership with ownership by the whole people."[72] With Article 10 as a guiding principle, the final goal of the trading machinery of Communist China is a state-owned, co-operative, and state-capitalist economy. During the present stage of transition, there are five separate arrangements current in China's economy. These are the state-owned enterprise, the co-operative, the private corporation, the individual, and the state capitalist. 471

71. General Statement on Chinese Mining Industry, No. 5, p. 87; No. 7, pp. 77, pp. 572-75.

72. People's China, No. 13, July 1, 1954, Supplement, p. 6.

1:Stanford U. S-4, 5 1956 AF14 Central China AF14

The total trade volume of these fairs during 1952 was reported to have been 5,430 billion yuan, which would represent, if accurate, an increase of 141.5 per cent over that of 1952. In terms of ownership of the trading concerns, the state sector contributed 61.21 per cent; co-operatives, 8.97 per cent; joint public and private operation, 1.17 per cent; and the private concerns, 28.65 per cent.[88]

To sum up, the commodity movement between South and North China is mainly by way of railways and partly by coastal shipping, but between Central-South and East China inland waterways and railways are the principal means of transportation. Transportation facilities betwen the Central-South and the Southwest of China are inadequate because projected railway lines have not been completed. Highway and air transportation as a whole play only a minor role in Central-South China's trade. The two nearly built railways to the border of Indo-China are for military rather than for economic use.

The purpose of building the Lai-pin--Mu-nan-kuan Railway was purely military. The Chinese Communists, in order to facilitate their southern expedition and expand their military strength in Southeast Asia, had to extend substantial aids to Ho Chih-minh, chairman of the Vietminh government in Indo-China. The completion of this railway in December 1951 had a direct bearing upon Ho's military success in 1954. Military supplies, including men, weapons, and approximately 500,000 tons[89] of grain were shipped during the three-year period, 1952-54, of the war in Indo-China.

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88. Ibid., p. 8.

89. Ta-lu Liang-Huang Ti P'ou-hsi [An Analysis of Grain Shortage in Mainland China], The Sixth Section, Central Committee, Nationalist Party, Taipei, June 14, 1954, p. 13.